

## Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 IO-13 ISO-00 EB-08 COME-00 TRSE-00

CIAE-00 DODE-00 PM-05 H-01 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /090 W

-----005182 102335Z /62

R 100615Z DEC 77

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 9882

INFO AMEMBASSY BONN

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION USUN NEW YORK

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E.O. 11652: N/A

TAGS: ECON, SF, US

SUBJECT: REACTIONS OF U.S. BUSINESSMEN TO EVENTS IN  
SOUTH AFRICA

1. AS ONE OF SERIES OF SUCH MEETINGS, AMBASSADOR CON-  
FERRED WITH ABOUT 25 HEADS OF U.S. AFFILIATES IN  
JOHANNESBURG ON DECEMBER 7. THE MAIN PURPOSE WAS TO PUT  
USG RESPONSE TO BIKO CASE AND OCTOBER 19 SECURITY CRACKDOWN  
IN PROPER PROPORTION AND TO CORRECT DISTORTIONS OF U.S.  
POLICY FOSTERED BY SAG. AMBASSADOR EMPHASIZED  
MODERATION AND RESTRAINT OF U.S. REACTIONS HOPING THAT  
LIMITED ACTIONS WOULD ENCOURAGE SAG TO CHANGE COURSE.  
HE WAS PRESSED BY BUSINESSMEN FOR PERSONAL ESTIMATE OF  
FUTURE TRENDS AND DEVELOPMENTS IN COUNTRY AND IN US-  
SAG RELATIONS. HE DECLINED TO SPECULATE BUT  
NOTED THIS VERY MUCH DEPENDS ON FUTURE SAG POLICIES  
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AND ACTIONS WITH RESPECT TO NON-WHITE POPULATION GROUPS.

2. AMERICAN BUSINESSMEN EXPRESSED LESS CRITICISM OF  
ADMINISTRATION POLICIES THAN AT SIMILAR MEETING LAST  
JUNE FOLLOWING MODALE/VORSTER TALKS (CAPE TOWN 903).  
BUSINESSMEN SEEMED PERSUADED BY AMBASSADOR'S RECAPITULATION  
OF EVENTS THAT USG HAD ACTED RESPONSIBLY IN PRESENTING

NEW APPROACH TO SOUTHERN AFRICAN PROBLEMS AT VIENNA AND IN REACTING TO SAG'S OCTOBER 19 ACTION. INDEFENSIBILITY OF SAG CONDUCT IN BIKO AFFAIR AND OCTOBER 19 EVENTS MAY HAVE INFLUENCED ATTITUDES AS WELL. BUSINESSMEN NOW SEEM TO BE ADJUSTING TO FACT THAT THEY WILL HAVE TO CONTEND WITH A MORE DIFFICULT AND STRAINED BUSINESS CLIMATE THAN IN THE PAST.

3. THE U.S. COMPANY HEADS WERE ANXIOUS TO HAVE A FORECAST OF WHAT OTHER MEASURES MIGHT BE IN STORE AND WHAT ACTIONS BY SAG COULD EITHER GAIN U.S. APPROVAL OR CAUSE RIFT TO WIDEN. THEY EXPRESSED HOPE THAT IN POST-ELECTION PERIOD RHETORIC COULD BE ALLOWED TO DIMINISH.

4. THEY POINTED OUT THAT, WHATEVER ACTUAL ROLE OF U.S. HAS BEEN, SOUTH AFRICANS SEEM TO HOLD US LARGELY RESPONSIBLE FOR THE SHIFT OF WORLD OPINION AGAINST THEM. SOME SENSE THAT OTHER FOREIGN INTERESTS ARE MOVING IN TO TAKE ADVANTAGE OF THIS, I.E., THE FRENCH, BRITISH, GERMANS AND JAPANESE.

5. MOST OF THE FIRMS CITED INSTANCES OF APPARENT DISCRIMINATION BY SA BUYERS BUT THESE APPEAR SO FAR TO INVOLVE ONLY A HANDFUL OF INDIVIDUAL CLIENTS, E.G., TWO AFRIKANER DOCTORS WHO SAID THEY WOULD BUY LOCAL DRUGS INSTEAD OF ABBOTT PRODUCTS, FARMERS WHO REJECTED LIMITED OFFICIAL USE

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INTERNATIONAL HARVESTER TRACTORS, AND THE PURCHASE BY ISCOR AND SASOL OF PRESENTATION WATCHES FROM A SWISS FIRM RATHER THAN BULOVA AS IN THE PAST. GE NOW PLACES A LARGE TAG ON ITS HOUSEHOLD APPLIANCES SAYING "MADE IN SOUTH AFRICA BY SOUTH AFRICANS" BUT WORRIES THAT IT MAY THEREBY BE DRAWING ATTENTION TO GE'S NATIONALITY.

6. ON THE OTHER HAND, AMERICAN CYANAMID SAYS ITS GOVERNMENT CUSTOMERS ARE BEING SCRUPULOUSLY FAIR AND BOEING IS CONFIDENT OF SIGNIFICANT SALES TO SA AIRWAYS OVER NEXT TWO YEARS IF AN ADEQUATE FINANCING PACKAGE CAN BE ASSEMBLED. IT IS CLEAR SAG IS LOOKING MUCH CLOSER AT ITS SUPPLIERS AND LEANING TOWARDS THOSE WITH LARGER SHARE OF DOMESTIC MANUFACTURE BOTH IN SUPPORT OF ITS IMPORT SUBSTITUTION CAMPAIGN AND FOR STRATEGIC REASONS. PARASTATALS LIKE ESCOM AND SA RAILWAYS ARE ALSO KNOWN TO BE BUILDING STOCKPILES OF KEY IMPORTED ITEMS.

7. BRITISH AND FRENCH BUSINESSMEN CLAIM THEY ARE ALSO EXPERIENCING RESENTMENT. THE SOUTH AFRICANS ARE STILL ANGRY OVER FRENCH CANCELLATION OF ORDERS FOR PATROL

VESSELS AND SUBMARINES. BRITISH FIRMS SAY LATENT AFRIKANER  
FEELING AGAINST THEIR COUNTRY IS COMING TO SURFACE.  
GERMAN FIRMS (E.G., SIEMENS) ARE RUMORED TO BE REAPING  
FAVOR BECAUSE INVESTMENT IS CONTINUING AND MORE HIGH  
TECHNOLOGY MANUFACTURE IS BEING SHIFTED TO SA.  
BOWDLER

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